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October 26, 2019

Via ECF

The Honorable Colleen McMahon
United States District Court
Southern District of New York
500 Pearl Street, Room 2550
New York, New York 10007

RE: *In re Namenda Direct Purchaser Antitrust Litig.*, No. 15-cv-07488-CM-RWL

Dear Judge McMahon:

Enclosed are two declarations certifying under FRE 902(11) that certain proposed Plaintiffs' trial exhibits are authentic records of Mylan's regularly conducted activity.

The Cuthbertson declaration, appended hereto as Exhibit A, addresses the following Forest-produced exhibits: PX-0174 and PX-1636 (as sent from Mylan to Forest's Robert Carnevale), as well as PX-0175, PX-0632, PX-1520. As explained in more detail in the Cuthbertson declaration, these PXs contain Mylan's accounting of its Authorized Generic Lexapro sales, and/or the royalties payable from Mylan to Forest under the Lexapro Amendment. While the Defendants did not object to any of these documents on hearsay grounds, the declaration qualifies these PXs as business records under Fed. R. Evid. 803(6). *See* Tr. (Oct. 10, 2019) 81:9-14. Plaintiffs therefore request that the Court admit these documents into evidence.

The Paskovich declaration, appended hereto as Exhibit B, addresses PX-1095, which is a Bloomberg L.P. transcript of a business conference involving Actavis/Forest executives. Since this is a phase 2 exhibit to which Defendants have objected on grounds other than authentication and hearsay, plaintiffs propose that the Court consider its admissibility with all other phase 2 exhibits prior to the commencement of that phase.

Based on these declarations, Plaintiffs requested that Defendants withdraw their objections to the exhibits by this afternoon but have received no response.

Respectfully submitted,

/s/ Dan Litvin
Dan Litvin

EXHIBIT A

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

IN RE NAMENDA DIRECT PURCHASER ANTITRUST LITIGATION	**Civil Action No.: 1:15-CV-07488-CM-RWL**

DECLARATION OF BRIAN CUTHBERTSON

I, Brian Cuthbertson, declare under penalty of perjury as follows:

1. I am a United States citizen over the age of eighteen, am competent to make this Declaration, am not a party in this litigation, and have personal knowledge of the matters set forth herein.

2. I am Assistant General Counsel, Commercial Litigation at Mylan Pharmaceuticals, Inc. ("Mylan").

3. I am a duly authorized custodian of records for Mylan. I am familiar with Mylan's financial and transactional documents and information relating to Mylan's sale of pharmaceutical products, and the manner in which they are created, stored, and maintained by Mylan. I am qualified and knowledgeable to certify the information below, and have been given authority by Mylan to make this declaration. I am familiar with the record keeping systems of Mylan during the time period the documents listed in this Declaration were generated, and I am familiar with the manner by which Mylan made, kept, and used such documents.

4. I am familiar with the following documents produced in the captioned matter:

- FRX-AT-04406052-054 [PX-0174]
- FRX-AT-04406059 [PX-0632]
- FRX-AT-04406073 [PX-1520]
- FRX-AT-04406055-057 [PX-0175]

- FRX-AT-04406055-057 [PX-1636]
- FRX-AT-04518677-678

5. I hereby certify that each document or data file listed above in Paragraph 4: (a) is a true and correct copy of an original record maintained by Mylan; (b) was created, maintained and is kept by Mylan in the regular practice of its regularly conducted business activity; and (c) was prepared by personnel of Mylan in the ordinary course of business at or near the time of the relevant event or activity by a person with knowledge of and a business duty to record and/or transmit those matters.

6. Each of the documents listed in Paragraph 4 above contains financial and transactional information relating to Mylan's sales of authorized generic Lexapro and the accounting of royalties payable to Forest Laboratories, Inc. in connection with those sales. Specifically, FRX-AT-04406052-054 [PX-0174] contains Mylan escitalopram royalty statements for the first, second, and third calendar quarters of 2012; FRX-AT-04406059 [PX-0632] is a Mylan escitalopram royalty statement for the second calendar quarter of 2013; and FRX-AT-04406073 [PX-1520] is a Mylan escitalopram royalty statement for the fourth calendar quarter of 2016. FRX-AT-04406055-057 [PX-0175] and FRX-AT-04406055-057 [PX-1636] both contain a true and correct copy of an email sent by Sarah Culler of Mylan to a number of recipients, including a carbon copy to Robert Carnevale of Forest Laboratories, Inc. on January 31, 2013, attaching a Mylan escitalopram royalty statement for the fourth calendar quarter of 2012 and a breakdown of the Medicaid expense changes for the third and fourth calendar quarters of 2012. FRX-AT-04518677-678 is a true and correct copy of an email from Zachary DeCarlo of Mylan to Robert Carnevale of Forest Laboratories, Inc. on May 10, 2017, attaching a Mylan escitalopram royalty statement for the first calendar quarter of 2017.

7. The generation and maintenance of accurate financial and transactional information, including information shown in the royalty statements and/or breakdown of the Medicaid expense changes described above, is an important part of Mylan's business operations.

8. Accordingly, it is a regular practice of Mylan to generate and maintain accurate data regarding Mylan's product sales and financial circumstances. Mylan routinely relies upon the accuracy of the data and documents generated and maintained by Mylan for a variety of business purposes. These purposes include, without limitation, the calculation and payment of royalties that may be due in connection with sales, the preparation of both audited and unaudited reports regarding Mylan's financial circumstances, and submissions to regulatory authorities.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on October 25, 2019.

Brian Cuthbertson
Mylan Pharmaceuticals, Inc.

EXHIBIT B

CERTIFICATE OF AUTHENTICITY OF DOMESTIC BUSINESS RECORDS
PURSUANT TO FEDERAL RULE OF EVIDENCE 902(11)

I, Michael Paskovich, attest under penalties of perjury that I am employed by Bloomberg L.P., and that my official title is Manager in the Global Data Corporate Events Department. I am a custodian of records for such business entity. I state that each of the records attached hereto is the original record or a true duplicate of the original record in the custody of Bloomberg L.P., and that I am the custodian of the attached records consisting of 13 pages.

I further state that:

A. all records attached to this certificate were made at or near the time of the occurrence of the matters set forth, by, or from information transmitted by, a person with knowledge of those matters;

B. such records were kept in the course of a regularly conducted business activity of Bloomberg L.P.; and

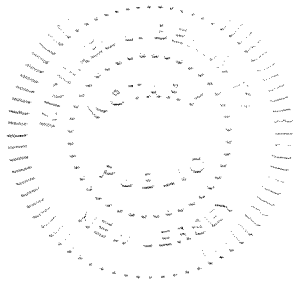
C. such records were made by Bloomberg L.P. as a regular practice.

(Signature) 

(Date) 10/23/2019

(Address) 100 Business Park Drive, Skillman, NJ, 08558

(Phone) +1-609-279-5137



MICHAEL J. BENINATO
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires April 16, 2024

Company Name: Allergan plc
Company Ticker: AGN US
Date: 2014-05-29
Event Description: Sanford C. Bernstein Strategic Decisions Conference

Market Cap: 119,832.97
Current PX: 305.35
YTD Change($): +47.94
YTD Change(%): +18.624

Bloomberg Estimates - EPS
Current Quarter: 4.404
Current Year: 17.853
Bloomberg Estimates - Sales
Current Quarter: 5708.000
Current Year: 21497.667

Sanford C. Bernstein Strategic Decisions Conference

Company Participants

- Paul M. Bisaro
- Brenton L. Saunders

Other Participants

- Ronny Gal

MANAGEMENT DISCUSSION SECTION

Ronny Gal

Well, we are very fortunate to have today with us the CEO and the Chairman of the Board, him and Frankie, Frank Sinatra, of Actavis.

Paul M. Bisaro

I'm not going to sing Ronny.

Ronny Gal

I actually dare you to try – of Actavis. I think it's almost a bit premature to say that, but I guess this is where things would be, around July 1, when the merger between the two companies [ph] swaps (00:25). Brent Saunders, the future CEO; and Paul Bisaro, I guess current CEO and future Executive Chairman of the company. We've designed this as a fire-chat structure. You all have cards on your seat or next to your seats and there'll be somebody passing through the hallway, this gentleman right there, taking your cards and passing them forward to us to – and I'll incorporate them into the questions I've pre-prepared.

The discussion was structured into four blocks; the strategy, the branded business, the generic business and broader industry issues. And the idea is to kind of every – after every piece of the – after every block to stop by and exhaust the question on that issue and then move forward.

So, gentlemen, thank you very much for joining us.

Brenton L. Saunders

Thank you for having us.

Q&A

<Q - Ronny Gal>: Okay. So, the first question is more of a positioning of the business. And Lisa, who runs the IR group, probably have drilled you on that answer, which is how would you distinguish your business from the Valeant or Jazz or Endo business model? How are you different from the businesses they are – from the business of some of

those peers? I know you respect them. I know you have great value for them, et cetera. How are you different?

<A - Brenton L. Saunders>: Yeah. So, I think – and right, so we do that they have a very different model than what we have and what we aspire to continue to build at Actavis. I think there are probably some key points of differentiation. Our primary goal at Actavis today and Forest today and the combination in the future is to focus on driving sustainable organic growth. So, when we say that what that means is the people of Actavis and our executive management team are incented and are held accountable to operating the business, and we look for M&A and other licensing deals as a way to enhance that organic growth story or to sustain or turbo boost that story.

Our strategy isn't M&A and that's not to say we're not going to be active in M&A. In fact, I think our track records stands on its own in terms of moving very quickly when we see opportunities that fit a strategic threshold and a financial threshold and making those actions. In fact, I think we're one of the few companies that each did a deal during the FTC review period of our bigger deal. And so, I don't mean to suggest you'll see any less activity or focus on using M&A to accelerate or turbo boost growth, but we're doing it to not be a roll-up in any sense of the imagination, but to drive a sustainable growth model.

I think the second differentiator is we believe in R&D. We believe in R&D, on both the generic and on the branded side, we will spend $1 billion or a bit more on R&D this year and into next year. We believe that in order to sustain growth, we need to focus on what we can do best. We don't believe in high-risk R&D. We don't do discovery research. But we do believe that we can drive our sustainable growth model by investing $400 million or thereabout in generic R&D, where our group I think is best in class. It has – on virtually every metric you look at, on first to file and as in – and the like hard-to-formulate drugs, has done exceptional market-leading work.

And on the branded side, the legacy Forest group that has driven eight of nine first cycle approvals in the late-stage pipeline and has a tremendous amount of activity in terms of filings over the next few years. And so, you'll see us continue to invest in R&D. I think you may even see us bring in Phase III or Phase II assets to continue to beat our blockbuster line franchises to make sure that they can endure and bring innovation to the market, which can command premium pricing and help patients. And so, I think on those two points, we differentiate pretty significantly from those other models.

<Q - Ronny Gal>: And also your percentage of business in the United States is much larger than some of those other companies?

<A - Brenton L. Saunders>: And that's true too. We do have a very strong U.S. business, both on the specialty branded side and on the generic side. The U.S. is our, by far, the biggest market and it remains the best market in the world to be in. So, we like being upscale in the U.S.

<Q - Ronny Gal>: After the companies combine, what percentage of operating profit will actually come from United States, ballpark?

<A - Paul M. Bisaro>: 70% plus, I would say. But I do think the international markets, though, should not be underestimated. And certainly, we have opportunities to grow our entire franchise. And as we've talked about in the past with a number of you, many of the markets outside of North America, there is the pharmaceutical company is it. So, we have 3,500, 4,000 sales representatives outside of North America that will be selling our branded products, our branded generics and our generics. So, we are going to be offering even more differentiated products in the structure we have, which again further differentiates us from everyone else, because we're bringing both kinds of assets to those markets.

<A - Brenton L. Saunders>: So, I think to – think about the optionality of growth that provides us, right, so we can look at Southeast Asia, we can look at Russia or Eastern Europe, we can look at Latin America as opportunities to leverage growth. But we can also look at therapeutic areas whether that'd be GIs, women's health or CNS. There've been some areas like respiratory, cardiovascular, cystic fibrosis and others that we still need to build scale.

<Q - Ronny Gal>: And in terms of the use of cash, is that where the use of cash is going? I mean, if you kind of look at your leverage structure in the end of 2015, on its own, if you just don't use the cash for anything else, you'll be at

something like 2.5 times or 2 times.

<A - Paul M. Bisaro>: If we don't use the cash for anything else, we'd probably be less than that at the end of 2015.

<A - Brenton L. Saunders>: Yeah.

<Q - Ronny Gal>: So, what do you think – essentially when you kind of look at the amount of money that kind of we probably should find something with, I mean roughly what are we talking about between now and 2015?

<A - Paul M. Bisaro>: Well, it's certainly several billion dollars. And I think, as Brent said, we're going to look to use our asset, our cash assets to turbo boost our growth and that comes on, as he said, areas we're building out our franchise on the branded side, but also our commercial footprint around the world. The deal that Forest did during the pendency of our transaction was a great example of turbo boosting our growth in the out years. The Furiex transaction gives us a great product that we believe has high potential to achieve, for us, blockbuster sales. I mean, maybe our definition of blockbuster is a little different. And during the pendency, the Actavis team, we did the deal in Thailand to help build out our Southeast Asia commercial footprint. So, those are the kinds of deals that, I think, we'll be using our cash for in the short term, meanwhile continuing to look for opportunities to do other bigger things as well. But those are the deals that I think people should look for in the short term.

<A - Brenton L. Saunders>: Yeah. I think – and the flip side of that is, we clearly believe that the best use of cash right now is to drive growth and invest in the business. But if we ran out of opportunities or we didn't see good opportunities, clearly, we're committed to making sure that we return value to shareholders.

<Q - Ronny Gal>: If you want to do an acquisition, I know a company in the Orange County, which is looking for a white knight, so maybe this is something for you to decide – to discuss in July. The other one is the Forest synergies, they just look very big. So, you kind of look at the kind of the amount of the money that you're taking out of that – in that transaction and you go, that's just a lot larger than what we've seen most companies do in the past. Is this fair?

<A - Paul M. Bisaro>: Not really, Ronny, come on, compared to Valeant, really, it's small.

<Q - Ronny Gal>: Let's put Valeant aside. But if you look at the operating costs, I think you're taking out something like 30%.

<A - Paul M. Bisaro>: No, it's actually – so we just did – again, we just double checked this. We spent the last, I don't know, six weeks, seven weeks as we do pre-integration planning, working on a meticulous review of our baseline, right. And the reason we did that was two-fold, primary reason. One is we had so many other initiatives and integrations and project rejuvenated and everything else going on that we didn't want to double count. We wanted to make sure that everything was appropriately put in the right categories, and we had a clean baseline after we subtracted all those other programs to take the synergies from.

Second, we wanted to gut check the synergies and make sure that all the assumptions we made during the diligence still were sound and made sense, and we can do them in a way that didn't impair our ability to provide that organic growth. And we spent last week with the new executive team going through it in quite detail and talking through, does it still make sense, where are the puts and takes. And there were some, but we still walked away with $1 billion. And when you look at that $1 billion off the new cost base, it's about 20%; it's not 30%, it's 20%. And we think we can accomplish it and our goal is to do it faster than what we've committed to.

<Q - Ronny Gal>: Okay. And that's on the cost side, on the revenue synergies, you kind of look at your job as a new CEO of a joint company for the next two years. First, probably the right questions to start with is how are the roles and responsibilities are going to divide between the two of you to the extent we're able to discuss? And then, for you Brent, as the CEO in-charge of a day-to-day business, I suspect, it would be, where are your kind of like high priority areas to get better not on the cost side, but in terms of just bringing the performance up internally?

<A - Paul M. Bisaro>: Let me start on the roles and responsibilities. I think one of the things we looked at in this with the Forest transaction is making sure that we have the right people in the right positions for the company that we are today. And as we looked across the organization, we were able to I think really extract the best of the best and put the

team together. A lot of people talk about that, we actually do it. And we've done it now several occasions. But if you look at the new management structure, it's really almost equally divided between the Forest team and the Actavis team.

And when we look at the CEO job, which is also a key role, obviously, it is clear that Brent is the right guy for this job at this time. My role will be to support him in any way I can. I will continue to be active in the business and being part of the business. I've committed to do that to the board for the next three years. So, I will be around. But I will be providing advice and support to areas that I can be helpful in. The business areas would be potentially the generic side and as well as strategically and working with investors. But there can only the one CEO and that will be Brent.

<Q - Ronny Gal>: So, Paul, does that essentially mean that you spend all this time with – other than spending time with the Actavis horses, you will – you don't have a specific responsibility? That is you advise when your advice is valuable, but you don't have any specific executing responsibility?

<A - Paul M. Bisaro>: I will have one – I guess, one direct report, and he is sitting to my left, so.

<Q - Ronny Gal>: Okay. So, you've not discussed any specific issues --

<A - Brenton L. Saunders>: I'm a lot of maintenance --

<A - Paul M. Bisaro>: Yeah. That's right.

<A - Brenton L. Saunders>: High maintenance. Look, I think you can't underestimate the value that Paul brings. He's – and fortunately the chemistry between us was instant and strong. But we're both committed to creating an exceptional company and leveraging our strengths as leaders. And I think Paul brings really a combination of a very strong strategic mind. Look at what Watson has now become, right, under his leadership. And clearly, operationally, on the generic side he's been the mastermind of just a best-in-class generics business.

<Q - Ronny Gal>: I'm going to sharpen this a little bit. But Brent, I mean, you've – I've been covering Actavis since, I guess, before Paul took the job and I was wrong in the beginning. I did not realize the value he'd bring. But I wised up somewhere along the way.

<A - Paul M. Bisaro>: Say that again.

<Q - Ronny Gal>: I wised up somewhere along the way. And I know where you're going with this. And I guess let me just voice the concern of some of the investors who believed in Paul's leadership. If Paul's moving to – is beginning to transition out of the company and handing it over to you, then we have to – we have something to worry about, not because your skills are not there, but because the trust was put in Paul to run the company. And if what I'm hearing is that Paul is Executive Chairman in this case means an advisor to the CEO, who'll gradually be here for three years and then we'll see, it opens a broader question of the management team. And we have to transition the trust to you, which essentially is a step – which is a step that investors will have to take.

Any thoughts about this? Is this the right way to think about it? Essentially, Paul, are you generally going to move away from taking responsibility for parts of the business and begin to spend more time --

<A - Paul M. Bisaro>: Yeah. I think you're presenting it perhaps a little starker than I would.

<Q - Ronny Gal>: I know, I'm doing it on purpose, please.

<A - Paul M. Bisaro>: But first of all, three years is, I think, in this industry a lifetime, more like two decades is the way things are moving. So, I think three years is certainly a good starting point to think about. And I'm not leaving the business. I'm going to stay involved in the business. But again, in any leadership role, there can only be one leader and that leader is Brent. So, what I plan to do and the way I believe we'll work together, because this will develop like any other leadership transaction or transition, will be we will work through kinds of the issues that present themselves. At least in the time we've been together since end of January till now we've certainly had no problems working together developing the right structure, picking the right team. We really – we did not struggle at all working through what you would think is probably the most complex decision making we had to do. When it comes to strategic decision making, we seem to be spot on with each other about how best to allocate resources, how to look at assets, where we want to

take the company, where we think the business models are changing outside of the company that are going to affect where we have to be in three years or five years. So, I don't see a problem in any way. I think we'll be very active. I don't intend to do anything different.

<A - Brenton L. Saunders>: Yeah. And I think the flipside of that is, I get it, right, trust is earned, and I fully expect that I need to earn our shareholders trust and will work every day to do that. And that's something that's certainly top of mind to me.

<Q - Ronny Gal>: So, almost naturally fits into the next question, which is area where you see the most opportunities for you to tackle beyond the cost side in your first year?

<A - Brenton L. Saunders>: Yes. I think the most important thing to do, particularly when you're going through a transformational integration, is to make sure that you keep the momentum in the business. So, priority number one, two and three is, how do we do all this work and keep the business coming, right. Both companies reported very strong quarters last quarter. Both companies are firing on all cylinders. Sometimes when you do these integrations, you have a weaker company or a problematic situation coming together. Not the case here. You have both companies executing on all cylinders and we don't want to have a misstep, because if you do that, then you have to get more synergies and that leads to more cutting and more synergies and you get to a downward spiral. So, we want to keep the trajectory going in the business and so that becomes of highest priority.

So, think about integrating our U.S. branded field force, the combination of Actavis, the old Warner Chilcott brands and the Actavis brands with the Forest brands, we have over 4,000 sales reps. We clearly don't need that many sales reps, but we have so many products that are in early phase of their life where boots on the ground are very important and we need to make sure that we don't have anything distract us from promoting those products. So, we want to move quickly and decisively, but we need to move very carefully and target low performers, as we look at taking out somewhere in the teens of the combined field force probably a few months within closing. So, it doesn't linger and watch.

I think the second area is on R&D, as we look at the strengths of both companies and playing to the best-of-best strategy that we have, when you look at formulation science and formulation development, Actavis probably has a best-in-class group. We have a group as well. I think we would like to see can we leverage that across both the branded and generic side. On the clinical development side, I think Forest has the best-in-the class group and there are probably some terrific people in the Actavis side, but how do we create a best of best that can service both companies. And so, those are the types of synergies that we have.

On the operation side, it's – I worry less about it, it's a lot of work, but I worry less about it, because Bob Stewart, our Chief Operating Officer, is probably one of our – is our strongest manager. And my view, as I've gotten to know Bob quite well over the last four months, five months, is by far and away the best operator I've seen in my career in the industry. So, it's a lot of work, but I personally worry about it less, because he's got the ball and certainly we'll check in with him and make sure it's going well. But that's not something I worry about.

<Q - Ronny Gal>: Okay. Last question from the audience before we kind of move off the strategy thing is, and that is the criticism which encompasses the question, which is companies in the past have – that have purchased businesses with from Icahn-influenced boards may have overpaid; for example, ImClone for Lilly, Genzyme Sanofi, Amylin Bristol. How do you know that that was not the case here?

<A - Paul M. Bisaro>: Well, with all due respect to Mr. Icahn, we didn't actually factor him into our equation when we were thinking about what was the right value to provide to the Forest shareholders. We think we gave fair value. We think we did our homework. We did our work on their models. We valued their assets, particularly the strong assets like Linzess and the Namenda franchise. And we looked at the synergy capture. And we looked at all of those things and we think we paid a very fair price for the asset. But he wasn't really part of the equation and, frankly, nor did he try to be. So, it was never that kind of sale. I think maybe I'll steal a little of Brent's thunder, I think Brent has done a great job. He had done a great job at sort of taking away the concerns that the Actavis shareholders would have when he took over Forest and started moving Forest in a different direction, and I think those issues had just kind of gone away.

Company Name: Allergan plc
Company Ticker: AGN US
Date: 2014-05-29
Event Description: Sanford C. Bernstein Strategic Decisions Conference

Market Cap: 119,832.97
Current PX: 305.35
YTD Change($): +47.94
YTD Change(%): +18.624

Bloomberg Estimates - EPS
Current Quarter: 4.404
Current Year: 17.853
Bloomberg Estimates - Sales
Current Quarter: 5708.000
Current Year: 21497.667

<Q - Ronny Gal>: I think to be fair, I guess, Brent, you were never appointed by – you were never one of the Icahn candidates --

<A - Brenton L. Saunders>: I was not that. So, some people believe I was. But no, I ran against his slate on the Forest board. I think the flipside of it, or perhaps another way to come at the question did Actavis overpay, we did the deal, obviously, completely independent of whether I was going to stay with the company or not. In fact, we didn't even discuss it. And I appropriately assumed I wouldn't be part of the company. So, we didn't negotiate it thinking that I'd become the CEO. That being said, if I thought they didn't pay a fair price or overpaid, why would I stay and why would I not only stay, but roll all my stock and options versus cashing out a very nice severance package into the equity of the combined company. So, I'm kind of voting with my wallet that it was a fair deal.

<Q - Ronny Gal>: Very good. Let's just go ahead and talk a little bit about the branded business and let's start with kind of the global question. So, you have in your business model several older franchises that you have been rolling forward with new formulation with introduction of follow-on product. And there is an overall argument that as more and more newer expensive drugs come in on the biotech side if you talk about HCV or cancer, there'll be a need to clear room for them on the formulary and your products being ones with modest differentiation will come under a lot more pressure than has been in the past. Perspective?

<A - Brenton L. Saunders>: Yeah. So, I think that that is a fair concern. I think when you look at our portfolio, I think we certainly have to be careful about that. But I think it's something that we worry about more in terms of new products coming in. So, you won't see us doing licensing or business development to get new products that are me too products in crowded areas. That's why I think when you see like – a deal like Furiex where we go after eluxadoline IBS-d, there is no real drug in that category that brings a lot of novel drug to a high unmet medical need. Those are the types of things we go after. I think in terms of the existing portfolio, I worry a little less about that, not zero, but a little less. One is that some of those types of drugs are in our CNS franchise, particularly in the antidepressant category, where patients still have high unmet medical need and doctors like to cycle to manage adverse events and efficacy. And CMS has designated that as a protected class and requires that there'll be choice for psychiatrists and patients in that area.

I think when you go to CNS – the rest of the CNS portfolio, Namenda. Namenda is not a higher, more expensive therapy. In fact, we priced it at a discount to IR. And so, as we look at voluntary conversion in the marketplace, it's going exceedingly well, better than our internal projections. And so, we believe that we have plenty of time and we're ahead of our own internal plans and we believe that we will execute well against it, although it has to happen still, so nothing's taken for granted. And that's really where you see those style drugs. I think as you look deeper into the portfolio, a drug like Bystolic, the 18th beta-blocker in the market, the only branded and promoted beta-blocker in the market and it's still growing both volume and price in the marketplace.

<Q - Ronny Gal>: You still are growing volume?

<A - Brenton L. Saunders>: We still are growing volume. And we have the combination, Valsartan Bystolic combo being launched probably in several months. And that will be another opportunity to provide another lever for growth in that cardiovascular franchise. So, I think we entered that market in a very crowded space, but Bystolic is a very good drug, doctors prefer it for many reasons, and it's done well. It could be a several hundred plus million dollar drug.

<Q - Ronny Gal>: Okay. Let's talk about Namenda. So, obviously, you're now converting the franchise to the once-a-day product. You've pulled the once-a-day – the twice-per-day product off the market in, I guess, early fall based on your last guidance. And you will be the only ones there until middle of 2015 when the generics will begin to launch. Can you just describe to us how you see the market from that point forward; that is, what will happen in the first six months, the following year? How does the managed care contracts change? How does your ability to withstand the market change? How does it roll forward?

<A - Brenton L. Saunders>: Yeah. So, Namenda IR and XR is about proving convenience to patients and caregivers. And this is a population where taking a pill can be a little bit more taxing than it would be for perhaps us. Our survey work before we did any of the big launch around XR showed the doctors and patients strongly preferred once-a-day therapy to twice-a-day therapy, and we're seeing that play out now in the marketplace naturally as XR is moving into

the high 30% conversion rate as we speak. And so, I think when we get to June, most of the market will be on once-a-day therapy. For the generics then to come in, in July, with trying to reverse convert once-a-day back to twice-a-day, becomes very difficult particularly without a sale force. They certainly could hire sale forces and go do that if they so chose, but that's not the model. We know it from our alter ego, it doesn't – the generic business doesn't support hiring a sales force to reverse convert a group.

So, the fight there will be in new prescriptions, right. And there we know that that will be a tough fight, that managed care will push new RXs into twice-a-day therapy versus once-a-day therapy. But then we have the combination pill of Aricept and Namenda to really go to very strong convenience, where they go from three pills twice a day now down to one pill once a day with our fixed-dose combination. And so, do we believe that the Namenda franchise come July of 2015 continues to be a growth driver? No, we're not expecting that. We expect that we can manage a decline of that franchise in a nice, steady, soft landing versus a patent cliff. And that's the goal of doing that, while providing innovation and dose and convenience to a group of patients that really need it.

<Q - **Ronny Gal**>: So, if I kind of look three years later middle 2018, and I kind of use the your sales in the second quarter of 2015 as my high point, where should I be three years out? And I know you're not giving guidance, but ballpark, is it 50% lower, 20% lower, 80% lower?

<A - **Brenton L. Saunders**>: Yeah. We're not giving the number out. But clearly, it's going to decelerate. It's going to start to decline. What we do hope is – and we're still – the reason is we're still thinking about the fixed-dose combination and potentially a growth driver. Alzheimer's is a huge category. There is no one else promoting in the space in any regard, but for us. And so, do we do some focused DTC around the fixed-dose combination. If we spend $1, we have a 100% share voice. And so, we may have to think about our model differently depending on what we decide to do with that fixed-dose combination.

<Q - **Ronny Gal**>: Okay. The future of the oral contraceptive franchise, if you kind of think five years out, so far we've been in a situation where every time you put a new OC out it seems to just take the market and be getting $300 million to $500 million. Is this sustainable? We are now at the point where we're almost like fourth generation, we've kind to moved away from providing convenience to providing perceived convenience, like it's natural as opposed to a synthetic?

<A - **Paul M. Bisaro**>: Well, I think that's an excellent question. One of the good things that we were able to get from Warner Chilcott was the Lo Loestrin product, which now has patent life well into the 2020s.

<Q - **Ronny Gal**>: A validated patent life.

<A - **Paul M. Bisaro**>: A validated patent life well into 2020s. Unusual to hear me say that as a positive, but that's --

<Q - **Ronny Gal**>: Things are changing.

<A - **Paul M. Bisaro**>: Yeah, they are changing.

<A - **Brenton L. Saunders**>: That's funny we had this alter ego.

<Q - **Ronny Gal**>: Yeah.

<A - **Paul M. Bisaro**>: But – and I think that will be the basis of our franchise going forward and we will continue to drive Minastrin and improvements around Minastrin as we go. We will continue to look at the development of the E4 product that we have. Safety is going to be the most-important thing that we can get from this. We have to be very careful to make sure that safety is the driver. If that doesn't turn out to be the case, then we will look to do something else. And Phase II is going to be very important, so we've got to spend some time on that. But will there be $500 million opportunities? I think so. But we have to be very careful at picking the right product and make sure that we have truly a differentiated product, because there are 30-some choices in the category at the movement.

<Q - **Ronny Gal**>: Okay. The future of antidepressants, if you kind of think about antidepressants, you are able to kind push the $200 million level because you've got a little bit of CNS umbrella – you've got a bit CNS umbrella. You've got

a little bit of this, you're right, high share voice in the category of few products. But can this actually ever be more than $500 million category for you guys?

<A - Brenton L. Saunders>: I think the combination of Fetzima and Viibryd can get in that zone or perhaps exceed our expectations and do a little bit more than that, but not a whole lot more, to be fair. I think the next frontier are going to be looking at novel, new mechanisms of action in this category. And what's interesting is we are looking at a variety of different things that are being developed by entrepreneurs and smart – small companies and there may be a new frontier. The category certainly deserves it, the disease and the patients deserve it. Current therapy is moderately successful for just a few patients and they tend to cycle and try many different things and the side effects become less tolerable.

So, it's still a category with lots of choices, but still a tremendous unmet medical need. And so, we are at – we have the best commercial capabilities in that space. So, we've become a very strong strategic partner of choice for the smaller entrepreneurial science-based company, discovery-based company that's doing work in this area. So, we see a lot and I'm encouraged by what I see, but not ready to go place a lot of money on those bets just yet.

<Q - Ronny Gal>: With biology you can actually give BOTOX for depression.

<A - Brenton L. Saunders>: Yes, BOTOX for depression, right.

<Q - Ronny Gal>: What is roughly the profitability of the antidepressant franchise? Essentially, what is the cost structure that you've got, what is the cost structure hurdle in terms of SG&A and whatever you pay in licensing R&D that you have to beat in order to start making money?

<A - Brenton L. Saunders>: So, we don't give out the exact number, but it's a highly profitable franchise. And the reason is, we treat it as a blockbuster line call. So, now we have in our [ph] sights (33:13) field force, which is a little over 300 sales professionals. We have them carrying Fetzima, Viibryd and Saphris, which we in-licensed from Merck in the beginning of the year. And then we have cariprazine in development and we plan to re-file cariprazine before the end of the calendar year. So, ultimately, we can have four very nice complementary, but different drugs in that sales force, all leveraging the same cost structure.

And so, if you can have four drugs that do $200 million to $300 million or more in one structure that's the same cost as that $1 billion, you get the same economics. And then that's the genius behind the strategy of a blockbuster line play.

<Q - Ronny Gal>: For the sake of the argument, these four products together are going to give $1 billion one day.

<A - Brenton L. Saunders>: That's right.

<Q - Ronny Gal>: What will be the operating profit on this, is it going to be 40%, 50%, 20%? I mean just give me just a ballpark to understand?

<A - Brenton L. Saunders>: Yeah, I mean I think we would be higher – on the higher end of the range.

<Q - Ronny Gal>: So more like 50%, okay. Essentially, you've got a differentiated generic kind of gross margin products for this business. And the future of respiratory, I mean one of the things is that this is the kind of the problem child of the class almost. There seems to be a very high level of competition coming in. We just saw a bunch of data coming in [ph] ABS (34:38), you had some interesting data, but also your competition had some – was clearly moving forward in terms of their offerings. Your product portfolio does not look particularly differentiated. How do you think about this category in terms of somewhere you've been successful at?

<A - Brenton L. Saunders>: Yeah, as I've said to you in the past, I think respiratory is our toughest – it's not the stepchild, it's the toughest. We love all our children. Problem child – it's our problem child. It's the toughest. It's the one area in primary care and medical, especially primary care, pulmonology and respiratory that still has an arms race, right, where people are still rushing in with big dollars and big sales forces. And so, I think we try to take a very realistic view of that marketplace. That being side, Tudorza is – as we get managed care access and we continue to fight hand-to-hand combat in the doctor's office, it really has its place. Its' going up against 800-pound gorilla in

Spiriva, but we're starting to see some green shoots of activity. Combined with Daliresp, that detail is a profitable detail, because we're able to cycle in other products on that call point. And so, it's not that we lose money in respiratory, we just aren't as profitable as we'd like to be and we're not as relevant as we'd like to be.

We do have the LABA/LAMA combination. We have an FDA meeting coming up this summer to see what we can do to try to advance that. The FDA is thinking about additional clinical work there and wants to see how big of a burden that really is and whether the return on investment would make sense to do that work and we'll sort that out once we know what the requirements are.

<Q - Ronny Gal>: So, last question on branded pipeline, now that you look to the combined pipeline of both sides, you kind of highlighted the two or three drugs that you go, that I don't think people give enough attention to?

<A - Brenton L. Saunders>: Yeah. So, I think we have had the opportunity to start to do the portfolio review of the pipelines. Now, keep in mind, we are two separate companies, so we can't get as deep as we will once we close the deal. We do very carefully monitor the gun-jumping laws. But that being said, I think there are some positives and there's always some puts and takes. So, as Paul mentioned, when we look at like E4, for example, we want to make sure that if we're investing in that product we have a very clean safety profile.

So, looking at the clinicals there, perhaps we need to do some additional Phase II work before we and we optimize the dose to bring that forward. The flipside, though, is you look at something like probably our biggest product will be eluxadoline, which we're licensing in and we just – we're spending some time with the Furiex people. We're feeling very good about getting that file ready for submission. But cariprazine, where we don't have to do a lot of additional clinical work, right, we're going to able to re-file. We're getting very strong depression data from our Phase IIs on cariprazine, so that, the profile of that product is getting stronger.

Our anti-infective franchise, our CAZ-avibactam product that we should get approved this year, the profile there looks very good. And I think we have a lot more experience in the anti-infective area and had a launch of drug after Teflaro. And so, those would probably be the three drugs with the most potential that are sitting in the pipeline. And I don't we get any credit for our pipeline, to be honest. And so, one of the things that we'll do after we close and we're allowed to talk about the combination, obviously, we'll have the second quarter that we need to report or first quarter for Forest and I'll stop having to worry fiscal and calendar years and just go back to the calendar year, which will be nice.

We will, obviously, want to get guidance out as soon as we can in or around the second quarter, we'll wait to do it so that we have the data we need to give a good number, but we're shooting for around that timeline. But we're also contemplating an R&D Day perhaps early next year or in the first quarter of next year to really put some visibility around the fairly large late-stage pipeline that the combined companies have.

<Q - Ronny Gal>: Very good. Let's make a switch and go over to the generic side. The first question is just the FDA regulatory actions, we just saw the Sun letter that kind of read badly. How do you avoid manufacturing issues? Can you talk to us a little bit about your infrastructure to deal with manufacturing and why is it better than others? And what would be the pricing impact in the oral solid business of some of those risks of supply interruption?

<A - Paul M. Bisaro>: Well, I think, from an operations perspective, we don't plan to change anything that we've been doing. In fact, we look forward to bringing the Forest team into the fold. Just on an integration front, we talked about this a little bit earlier. Remember, a generic company generates – we manufacture 44 billion units worldwide, maybe Forest does 1 billion, 2 billion units. So, we're bringing a much smaller operational unit into a very active and busy, but also well-run organization. And that's how we've avoided the problems.

We operate under one quality system, regardless of where we sit in the world, whether it's India, Bulgaria or Florida, Salt Lake City, whatever the case may be. That one quality system is why I think we've avoided the problem. We also have a very strong leadership, a good team, the level down is very strong. We spend a lot of time on quality, we spend a lot of time making sure our quality is at the top level and we always endeavor to make the right decision about with these products.

So, we've avoided the problems and we hope to continue to avoid them. And what that has meant, of course, is a strong performance with our customers, giving them high customer service levels, well above 98%. And you can offer a low price, but if you can't supply it, the customer doesn't do very well. So, we've benefited from that as well. And I guess where that leads to is, I think, sustainable and longer-term higher pricing in the generic industry than people are generally used to.

We've also seen in the short term the ability to take price increases on older products, where the price had gone to a point where companies had to make the decision about whether to continue manufacturing or raise price and now we're taking those price increases and those price increases are sticking. So, instead of discontinuing a product, we're looking to raise the price. And while it may seem like a lot of money or it is not an insignificant number in a very high percentage, but we're talking about going from $10 a 1,000 to $20 a 1,000, so not enormous numbers when it comes to the patient, but important and relevant to us.

<**A - Brenton L. Saunders**>: And operating profit is very meaningful.

<**A - Paul M. Bisaro**>: Yes. Exactly. So, again, that's what's happened through some of these issues that our competitors have faced. I think the other area that we still have to – that people have to overcome is, of course, the FDA slowdown has not gotten better. I mean things have not improved on the approval side. Some of that has to do with the fact that we're now submitting applications for much more complex drugs. And frankly, the Agency is not quite sure how to deal with that. And so, that's taking time and – but that's been the genius of our success on the generic side is, we have worked and will continue to work on those drugs that we have beliefs that are the most profitable and we believe we have the team that can deliver.

<**Q - Ronny Gal**>: So with those delay, I mean you obviously had some products that were delayed and were approved later than you think?

<**A - Paul M. Bisaro**>: That's correct.

<**Q - Ronny Gal**>: But in terms of Mylan at least, the perception that it was hit more. So, I'll give you the softball. Why do you think that is the case? Why do you think there is a difference in the rates or the profile of the products that have been delayed?

<**A - Paul M. Bisaro**>: Well, I'd have to actually go back and look and see who's gotten more approvals in the timeframe to actually conclude that one is better than the other. But I think all I can do is tell you about our applications and we endeavor to submit obviously the best application we can and we certainly endeavor to work forward once we've submitted to continue to improve the application. Some of the things that you might be talking about with Mylan might be, I'm guessing, might be Lidoderm is the issue. That issue could – since we don't know exactly what's going on there – at least Actavis doesn't know, somebody probably does, but we don't – it could be anything from just delays at the Agency to the Agency has put a big premium now on things being different as they described them in generic versions of brand products. And with Lidoderm, of course, we have a reservoir patch that's delivering the drug and they have a matrix patch. And those two delivery mechanisms are different and they have slightly different results. So, the Agency could have made a decision. I don't know whether they did or didn't, but that's one possibility. It's really a question for Mylan, but I don't see a major difference in our approval times.

<**Q - Ronny Gal**>: So, let me, for the sake of time, we've got about four minutes left. Let me just touch a couple of things briefly. Can you just share with us directionally that you're refused to receive rates this year and how do they relate to last year? Has there been a meaningful increase in number of products?

<**A - Paul M. Bisaro**>: In the rate?

<**Q - Ronny Gal**>: In the rate of products that were not – no longer – that were refused to receive this year?

<**A - Paul M. Bisaro**>: I think this – I would say, generally speaking, the rate of refused to receive generics has gone down.

<**Q - Ronny Gal**>: For you?

<A - **Paul M. Bisaro**>: For us, as it was on a year-over-year basis.

<Q - **Ronny Gal**>: So, one of the famous RTRs is Restasis. And the question is, how do you argue against the FDA policy of refusing to receive the drug that they deem inappropriate even if the standard was established after you submitted?

<A - **Paul M. Bisaro**>: Well, I think the question is more of a legal question than it is actually a scientific question, because we can solve – once the Agency provides the guidance, it's almost always the case we can solve for that problem. The question then becomes who is entitled to the exclusivity? I think we have steadfastly maintained that if you're first to file, notwithstanding there isn't a guidance and the guidance changes, then you should be entitled to maintain that exclusivity --

<Q - **Ronny Gal**>: I believe it's first to receive the file.

<A - **Paul M. Bisaro**>: First to receive, yes, but it should be retroactive to the date that you receive, right.

<Q - **Ronny Gal**>: Okay.

<A - **Paul M. Bisaro**>: The original file. Assuming that file is reasonably complete, I mean, it can't be --

<Q - **Ronny Gal**>: Missing pages.

<A - **Paul M. Bisaro**>: Right, exactly.

<Q - **Ronny Gal**>: And the follow-up for that is you actually resubmitted Restasis, essentially are you now complying with the FDA requirement?

<A - **Paul M. Bisaro**>: That is not something we generally provide direct data on. So, I'm going to respectfully decline to answer that.

<Q - **Ronny Gal**>: But the assumption is that if you did, there would be a lawsuit on that issue within a certain number of months right afterwards?

<A - **Paul M. Bisaro**>: Well, there is an ongoing litigation, so we would expect --

<Q - **Ronny Gal**>: There is no [ph] product for (46:11)

<A - **Paul M. Bisaro**>: There would be litigation, yes.

<Q - **Ronny Gal**>: Okay. An interesting question from the audience actually, Forest percent of shareholders who chose to take stocks, cash and a mixture of stock and cash, do you have an indication?

<A - **Brenton L. Saunders**>: We don't and we haven't solicited just yet. Right. My sense is from – just anecdotally is there are a lot of investors interested in just stock. I haven't heard anybody say they just want cash. And so, my sense is we're going to wind up with the distribution as outlined in the deal. I don't think there is going to be any deviation from that.

<Q - **Ronny Gal**>: Some people might be forced to take cash as opposed to --

<A - **Brenton L. Saunders**>: I think you're going to get what, unfortunately, even for me, right, on the stock that I own, I would love to have all stock. But I don't think we're – I think we're going to get the – whatever it is, $26 or $27 a share in cash.

<Q - **Ronny Gal**>: Okay. Why isn't pharma adopting your line sales model? I seems somewhat obvious thing to do and I think in our last discussion you mentioned that it's actually not being adopted and the question is why?

<A - **Brenton L. Saunders**>: Because it requires a couple of things, it requires you to care about drugs with peak sales of $500 million. They've built their – most of them have built their model to only look and seek and find and evaluate drugs that have peak sales above the $1 billion, because it doesn't move the needle and they just haven't gotten this way

of thinking around, grouping them together to have multi-billion-dollar sales with the same cost structure.

And frankly, I would argue that you're better off this way, because the roller coaster ride of the patent cliffs that the industry has gone through, you can't completely solve for, but you can smooth it out by, again, by leveling out the portfolio within the line call. And so, it won't always be perfect and we won't always get it the way we want it, but we're not going to be subject in CNS to, say, $1 billion patent cliff. We're going to be subject in our site detail to $300 million or $400 million patent cliff, which is a lot easier to fix than dealing with it all at once.

And so, it's great that they haven't, because what it means is when we go out to compete for those assets for development assets or for late-stage assets or marketed product, we tend to be the big dog at the show and we're not competing against big companies, which allow us to pay better prices.

<Q - Ronny Gal>: And last, but not least, I found a good quick question to answer with. The biggest three changes in the industry in the next five years and how is your business model best suited to address them?

<A - Brenton L. Saunders>: Yeah, I think it's a combination of two things. One, it's going to be the continued consolidation of the customer and the customer being both retailer/wholesaler as well as the physician, right. And both – it's very interesting, both sides are consolidating very rapidly, whether you look at ABC and Walgreens on one side or you look at 70% of physicians now employed by integrated health systems. And so, you're seeing the dynamic change very rapidly.

And I think the way you're going to have to shift to deal with that is to have a scale and choice on your side. And that's why I think, strategically, the deal between Forest and Actavis really sets us up to position ourselves to be able to go to a big customer like ABC, Walgreens and cut a global deal and make trade-offs between Europe and the U.S., and really work with them to do things that perhaps smaller companies couldn't; and on the physician side, to be able to go into, hypothetically, a University of Pittsburgh Medical Center that's truly integrated with several thousand physicians, and say, look, we can supply all your drugs, you're going to have a sale on generic first and then in this therapeutic category, you jump to Viibryd, and we can do the generics and the brands.

And they have a GPO, they can inventory and do their own distribution right into their system. That's still pretty far out there. It's pretty futuristic. But that's where I think the industry ultimately is going to go. There is just going to be more and more consolidation, which means the companies are going to be able to have to have breadth and scale as well as innovation.

Ronny Gal

Brent, Paul, thank you very much for being with us today.

Paul M. Bisaro

Thanks, Ronny.

Ronny Gal

Much appreciated.

Brenton L. Saunders

Thank you.

Company Name: Allergan plc
Company Ticker: AGN US
Date: 2014-05-29
Event Description: Sanford C. Bernstein Strategic Decisions Conference

Market Cap: 119,832.97
Current PX: 305.35
YTD Change($): +47.94
YTD Change(%): +18.624

Bloomberg Estimates - EPS
Current Quarter: 4.404
Current Year: 17.853
Bloomberg Estimates - Sales
Current Quarter: 5708.000
Current Year: 21497.667

Paul M. Bisaro

Thank you.